

BUSINESSOWNERS POLICY

*Mutual Company
Participating
Nonassessable Policy*

FEDERATED MUTUAL
INSURANCE COMPANY
P.O. BOX 328
Owatonna, MN 55060
Phone: (507) 455-5200



Policy No. 9025828

Account No. 242-486-9

NAMED INSURED AND MAILING ADDRESS

JOHNS POWER EQUIPMENT
*JOHN FREDERICKS DBA
215 ROUTE 6
MILFORD PA 18337

**CERTIFIED TO BE A TRUE AND
CORRECT COPY OF THE ORIGINAL
POLICY.**

Susan Struthers

POLICY PERIOD: from 10-01-2005 to 10-01-2006 12:01 A.M. Standard time at the designated business premises.

Business Operations: ☒ Individual ☐ Partnership ☐ Corporation ☐ Joint Venture ☐ Other _____

☒ Loss Payable Clause ☐ Mortgage Holders Interest Certificate ☐ Contract of Sale Clause Certificate

**IN RETURN FOR THE PAYMENT OF THE PREMIUM AND SUBJECT TO ALL THE TERMS OF THE POLICY, WE
AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THE POLICY.**

Policy Provisions Part 1

MUTUALS - PARTICIPATION CLAUSE WITHOUT CONTINGENT LIABILITY: No Contingent Liability: This policy is nonassessable. The policyholder is a member of the company and shall participate, to the extent and upon the conditions fixed and determined by the Board of Directors in accordance with the provisions of law, in the distribution of dividends so fixed and determined.

MUTUAL - MEMBERSHIP AND VOTING NOTICE: The insured is notified that by virtue of this policy, he or she is entitled to vote either in person or by proxy at any and all meetings of said Company. The Annual Meetings are held in this Home Office in Owatonna, Minnesota, on the third Tuesday of April in each year at ten o'clock A.M.

In Witness Whereof, the Company has caused this policy to be executed and attested, and, if required by state law, its policy shall not be valid unless countersigned by a duly authorized representative of the Company.

J. E. Muelken

Secretary

Allen T. Reifert

President

By _____

Authorized Representative

Part 1: This Policy is valid only when a Businessowners Policy Declaration Form Part 2 is attached hereto.

BUSINESSOWNERS POLICY DECLARATIONS

Part 2

SCHEDULE

Described Premises:	See Supplemental Declarations	
PROPERTY		
	Coverage	Limits of Liability
Buildings:	See Supplemental Declarations	
Business Personal Property:	See Supplemental Declarations	
Deductible: \$500	is the most we will deduct from any property and/or inland marine loss or damage in any one occurrence. This provision does not apply to loss caused by or resulting from earthquake or mine subsidence, if covered by this policy.	
LIABILITY		
	Coverage	Limits of Liability
Liability:	\$1,000,000	
Damage To Premises Rented to You: \$50,000 unless otherwise specified in the Supplemental Declarations		
Property Damage Liability Deductible: \$500		

Forms and Endorsements attached at inception: See Schedule attached.

Annual Premium: \$2,522

CERTIFIED ACTS OF TERRORISM PREMIUM: \$17

THIS DECLARATIONS PAGE, WITH THE POLICY PROVISIONS PART 1, SUPPLEMENTAL DECLARATIONS, COVERAGE FORMS AND ENDORSEMENTS ISSUED TO FORM A PART THEREOF, COMPLETE THIS POLICY.

SCHEDULE OF FORMS AND ENDORSEMENTS

<u>Title as on Form or Endorsement</u>	<u>Form Edition</u>
Additional Named Insureds Endorsement	BP-F-14 (01-96)
Terrorism Risk Insurance Act Policyholder	IL-F-38 (01-03)
Disclosure Notice	
Location Schedule	IL-F-26 (07-95)
Supplemental Declarations Businessowners	BP-F-15 (10-96)
Policy	
Loss Payable Certificate	CP-F-10 (07-95)
Businessowners Special Property Coverage Form	BP-F-101 (01-03)
Businessowners Liability Coverage Form	BP-F-102 (01-03)
Exclusion - Silica or Silica-Related Dust	BP-F-226 (03-05)
War Liability Exclusion	BP-F-229 (01-03)
Limited Terrorism Exclusion (Other than	BP-F-274 (12-02)
Certified Acts Of Terrorism)	
Exclusion Of Punitive Damages Related To A	BP-F-276 (11-02)
Certified Act Of Terrorism	
Fungi or Bacteria Exclusion	BP-F-221 (01-03)
Comprehensive Business Liability Exclusion	BP-F-222 (07-02)
Businessowners Common Policy Conditions	BP-F-104 (01-03)
Gold Property Extension Endorsement	BP-F-122 (01-03)
Gold Liability Extension Endorsement	BP-F-127 (02-01)
Limited Exclusion Of Acts Of Terrorism (Other	BP-F-272 (04-04)
Than Certified Acts Of Terrorism)	
Conditional Excl of Terrorism Involving	BP-F-279 (05-04)
Nuclear, Biological, Chemical Terrorism	
Mobile Equipment Held for Sale	BP-F-216 (01-03)
Employment-Related Practices Exclusion	BP-F-223 (07-02)
Exclusion - Asbestos Or Lead	IL-F-27 (08-94)
Pennsylvania Changes	BP-F-337 (PA) (07-02)
Pennsylvania Notice	BP-F-358 (PA) (07-02)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL NAMED INSUREDS ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS POLICY

The first Named Insured shown in the Declarations includes the person(s) or organization(s) designated below, subject to the following additional Common Policy Conditions:

1. The First Named Insured shown in the Declarations is authorized to act for additional named insured(s) in all matters relating to this insurance.
2. If the first Named Insured shown in the Declarations becomes insolvent or bankrupt, the additional named insured(s) agree to pay us any premium for this insurance.
3. This endorsement will not waive any rights of recovery as a claimant which would be valid, if not shown as an additional named insured.
4. Knowledge or discovery by any insured (including any partner or officer) shall be considered knowledge or discovery made by all insureds.
5. The first Named Insured shown in the Declarations declares that all firms named in policy (named insureds additional named insureds) are owned or financially controlled by the same interests.

Names of Additional Named Insureds

Entity No.	Name of Insured	Entity Type	F.E.I.N
1	JOHNS POWER EQUIPMENT	Sole Proprietorship	23-2181224
1	JOHN FREDERICKS DBA	Sole Proprietorship	23-2181224

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**TERRORISM RISK INSURANCE ACT
POLICYHOLDER DISCLOSURE NOTICE**

Losses for certified acts of terrorism, as defined by the Terrorism Risk Insurance Act, would be partially reimbursed by the United States Government under a formula established by the Act. Under this formula, the United States pays 90% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage.

The portion of your annual premium that is attributable to coverage for certified acts of terrorism is shown on the Declarations Page of your policy.

LOCATION SCHEDULE

1 215 ROUTE 6
2 MILES NE OF 84
MILFORD PA 18337

Original

SUPPLEMENTAL DECLARATIONS BUSINESSOWNERS POLICY

WE AGREE TO COVER YOUR DESIGNATED LOCATIONS AS INDICATED BELOW BY AN ENTRY OR AN X

Loc. or Prem. No.	Bldg. No.	Designated Premises and Occupancy (Address, City, State)	Subject of Insurance	Forms Applicable	EQ Ded %	Actual Cash Value	Limit of Insurance
1		215 ROUTE 6 2 MILES NE OF 84 MILFORD PA 18337					
	1	215 ROUTE 6 LAWN AND GARDEN DEALER	Building	BP-F-101 BP-F-122			\$196,000
			Business Personal Property	BP-F-101 BP-F-122			\$91,000
	2	R 215 ROUTE 6 STORAGE	Building	BP-F-101 BP-F-122		X	\$66,000
			Business Personal Property	BP-F-101 BP-F-122			\$27,000

LOSS PAYABLE CERTIFICATE

Place of Issue - **FEDERATED MUTUAL INSURANCE COMPANY**
Home Office
121 East Park Square
Owatonna, MN 55060
(507) 455-5200

TO: **MARLIN LEASING CORPORATION**
% INS SERVICE CENTER
PO BOX 368
MARLTON NJ 08053

We certify that you are named as Loss Payee in the below numbered policy which has been issued to:

JOHNS POWER EQUIPMENT
***JOHN FREDERICKS DBA**
215 ROUTE 6
MILFORD PA 18337

to cover the personal property as designated below:

Loc. No.	Bldg. No.	Location	Deductible	Limit
1	1	215 ROUTE 6 LAWN AND GARDEN DEALER MILFORD PA 18337	\$500	\$91,000

Interest: 2004 CHAIN SAW SHARPENING MACHINE MODEL SA6 568
LEASE # 001-02-80755-001 VALUE \$20,900

☒ Special coverage

☐ Named peril coverage

The policy contains the provisions that loss, if any, will be adjusted only with the Named Insured and payable to the Named Insured and the Loss Payee listed above as their respective interests may appear, subject to all the terms and conditions of the policy.

We certify that the policy is effective from 10-01-2005 to 10-01-2006 12:01 A.M., (or 12 Noon) Standard Time, as stated in the policy, at the address of the Named Insured as stated in the policy.

If we cancel the policy we will provide at least ten days advance written notice or more as may be allowed by the Cancellation Provision of the Common Policy Conditions.

Special provisions, if any:

This Certificate is furnished as evidence of a policy as it stands at the date of issue, and is given as a matter of information only. **Except as specified herein**, this Certificate confers no rights on the holder and imposes no liability on us.



SECRETARY



PRESIDENT

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this Coverage Form the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION G - PROPERTY DEFINITIONS.

A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property includes Buildings as described under Paragraph a. below, Business Personal Property as described under Paragraph b. below, or both, depending on whether a Limit of Insurance is shown in the Declarations for that type of property. Regardless of whether coverage is shown in the Declarations for Buildings, Business Personal Property, or both, there is no coverage for property described under Paragraph 2. Property Not Covered.

a. Buildings, meaning the buildings and structures at the premises described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
- (4) Your personal property in apartments, rooms or common areas furnished by you as landlord;
- (5) Personal property owned by you that is used to maintain or service the buildings or structures or the premises, including:
 - (a) Fire extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

(6) If not covered by other insurance:

- (a) Additions under construction, alterations and repairs to the buildings or structures;
 - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the buildings or structures.
- b. Business Personal Property located in or on the buildings at the premises described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, including:
- (1) Property you own that is used in your business;
 - (2) Property of others that is in your care, custody or control, plus the cost of labor, material or services furnished or arranged by you on personal property of others;
 - (3) Tenant's improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove; and
 - (4) Leased personal property for which you have a contractual responsibility to insure.
 - (5) Exterior building glass, if you are a tenant and no Limit of Insurance is shown in the Declarations for Building Property. The glass must be owned by you or in your care, custody or control.

2. Property Not Covered

Except as provided in the Coverage Extensions, Covered Property does not include:

- a. Aircraft, automobiles, motortrucks and other vehicles, and their accessories, subject to motor vehicle registration. However, this provision does not apply to the following types of property:

- (1) Snowmobiles; and
- (2) Trailers designed for use with private passenger vehicles for general utility purposes or carrying boats or snowmobiles;

- b. "Money" or "securities";
- c. Contraband, or property in the course of illegal transportation or trade;
- d. Land (including land on which the property is located), water, growing crops or lawns;
- e. Outdoor fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants;
- f. Employee owned tools and equipment;
- g. Accounts, bills, food stamps and other evidences of debt, accounts receivable or "valuable papers and records";
- h. "Computer(s)" which are permanently installed or designed to be permanently installed in any aircraft, watercraft, motortruck or other vehicle subject to motor vehicle registration. This paragraph does not apply to "computer(s)" while held as "stock";
- i. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect it or not) from that other insurance, but this insurance will not cover the deductible, if any, applicable to the other coverage.

3. Covered Causes of Loss

Risks Of direct physical loss unless the loss is:

- a. Excluded in Section B. Exclusions; or
- b. Limited in Paragraph A.4. Limitations.

4. Limitations

- a. We will not pay for loss of or damage to:
 - (1) Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such

equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

- (2) Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
- (3) Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
- (4) Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
- (5) The interior of any building or structure caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (a) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (b) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- b. We will not pay for loss of or damage to fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken, unless caused by the "specified causes of loss" or building glass breakage. This restriction does not apply to:
 - (1) Glass that is part of the interior or exterior of a building or structure;
 - (2) Containers of property held for sale; or
 - (3) Photographic or scientific instrument lenses.
- c. For loss or damage by theft, the following types of property are covered only up to the limits shown:
 - (1) \$2,500 for furs, fur garments and garments trimmed with fur.
 - (2) \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.

(3) \$2,500 for patterns, dies, molds and forms.

- d. For loss or damage caused by a virus, harmful code or similar instruction introduced into or enacted on a "computer" system (including "electronic media and records") or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation, the most we will pay is \$2,500 for all loss or damage sustained in any one policy year.

However, there is no coverage for loss or damage caused by or resulting from manipulation of a "computer" system (including "electronic media and records") by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

5. Additional Coverages

a. Debris Removal

- (1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to:
- (a) Any cost or expense which would not have occurred, in whole or in part, but for the actual, alleged or threatened discharge, dispersal release or escape of "pollutants" at any time;
 - (b) Any loss, cost or expense arising out of any request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants"; or
 - (c) Any cost or expense to remove, restore or replace polluted land or water.
- (3) The most we will pay under this Additional Coverage is \$25,000.

b. Preservation of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss of or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$5,000 for your liability for fire department service charges.

No deductible applies to this Additional Coverage.

d. Collapse

- (1) With respect to buildings:
- (a) Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose;
 - (b) A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse;
 - (c) A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building;
 - (d) A building that is standing or any part of a building that is standing is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- (2) We will pay for direct physical loss or damage to Covered Property, caused by collapse of a building or any part of a building insured under this policy, if the collapse is caused by one or more of the following:
- (a) The "specified causes of loss" or breakage of building glass, all only as insured against in this policy;

- (b) Decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
- (c) Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
- (d) Weight of people or personal property;
- (e) Weight of rain that collects on a roof;
- (f) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in Paragraphs (a) through (e), we will pay for the loss or damage even if use of defective material or methods in construction, remodeling or renovation, contributes to the collapse.

The criteria set forth in Paragraphs (1)(a) through (1)(d) do not limit the coverage otherwise provided under this Additional Coverage for causes of loss listed in Paragraphs (2)(a), (2)(d) and (2)(e).

- (3) With respect to the following property:
 - (a) Awnings;
 - (b) Gutters and downspouts;
 - (c) Yard fixtures;
 - (d) Outdoor swimming pools;
 - (e) Piers, wharves and docks;
 - (f) Beach or diving platforms or appurtenances;
 - (g) Retaining walls; and
 - (h) Walks, roadways and other paved surfaces;

if the collapse is caused by a cause of loss listed in Paragraphs (2)(b) through (2)(f), we will pay for loss or damage to the property listed above only if such loss or damage is a direct result of the collapse of a building insured under this policy and the property is Covered Property under this policy.

- (4) If personal property abruptly falls down or caves in and such collapse is not the result of collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:

- (a) The collapse was caused by a cause of loss listed in Paragraphs (2)(a) through (2)(f) of this Additional Coverage;
- (b) The personal property which collapses is inside a building; and
- (c) The property which collapses is not of a kind listed in Paragraph (3) above, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph (4) does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

Collapse of personal property does not mean cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

- (5) This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this policy.

e. Water Damage, Other Liquids, Powder or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

We will not pay the cost to repair any defect that caused the loss or damage; but we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

- (1) Results in discharge of any substance from an automatic fire protection system; or
- (2) Is directly caused by freezing.

f. Sewer Back Up

- (1) We will pay for direct physical loss of or damage to Covered Property at the described premises, caused by or resulting from:

- (a) Water which backs up through or overflows from sewers or drains; or

(b) Water which overflows from a sump even if such overflow results from the mechanical breakdown of a sump or its related equipment.

However, with respect to Paragraph (b) above, we will not pay the cost of repairing or replacing a sump pump or its related equipment in the event of mechanical breakdown.

(2) The coverage described in Paragraph (1) above does not apply to loss or damage resulting from an insured's failure to:

(a) Keep a sump pump or its related equipment in proper working condition; or

(b) Perform the routine maintenance or repair necessary to keep a sewer or drain free from obstructions.

(3) Paragraph 1.g.(3) of B. Exclusions does not apply to this Additional Coverage.

(4) The most we will pay for loss or damage under this Additional Coverage is \$10,000.

g. Sprinkler Leakage Caused by Earth Movement

(1) We will pay for direct physical loss of or damage to Covered Property at the described premises from sprinkler leakage caused by or resulting from:

(a) Earthquake; or

(b) Volcanic Eruption, meaning the eruption, explosion or effusion of a volcano.

All Earthquake shocks or Volcanic Eruptions that occur within any 168-hour period will constitute a single Earthquake or Volcanic Eruption. The expiration of this policy will not reduce the 168-hour period.

(2) Paragraph 1.b. of B. Exclusions does not apply to this Additional Coverage.

(3) The most we will pay for loss or damage under this Additional Coverage is \$25,000.

h. Pollutant Clean Up and Removal

We will pay your expense to extract "pollutants" from land or water resulting from a discharge, dispersal, seepage, migration, release or escape of the "pollutants" at or from the described premises if caused by "specified causes of loss" that occurs during the policy period.

The expense will be paid only if the loss is reported to us in writing within 120 hours of the time at which the "specified cause of loss" occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay for each occurrence under this Additional Coverage is \$25,000 at each described premises for the sum of all covered expenses arising out of "specified causes of loss". An aggregate limit of \$25,000 is the most we will pay for all expenses during the policy period at each described premises regardless of the number of occurrences.

i. Building Ordinance

(1) You may extend the insurance that applies to Buildings to apply to your loss resulting from the enforcement of building ordinances. Regardless of the number of damaged buildings, the most we will pay per loss occurrence is \$25,000.

(2) The coverage provided by this Additional Coverage applies only if both Paragraphs (2)(a) and (2)(b) are satisfied and are then subject to the qualifications set forth in Paragraph (2)(c).

(a) The ordinance or law:

(i) Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and

(ii) Is in force at the time of loss.

But coverage under this Additional Coverage applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered.

(b) (i) The building sustains direct physical damage that is covered under this policy and such damage results in the enforcement of the ordinance or law; or

- (ii) The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.
 - (iii) But if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this Additional Coverage even if the building has also sustained covered direct physical damage.
 - (c) In the situation described in Paragraph (2)(b)(ii) above, we will not pay the full amount of loss otherwise payable under the terms of this Additional Coverage. Instead, we will pay a proportion of such loss; meaning the proportion on that the covered direct physical damage bears to the total direct physical damage.
However, if the covered direct physical damage alone would have resulted in enforcement of the ordinance or law, we will pay the full amount of loss otherwise payable under this Additional Coverage.
- (3) We will not pay under this Additional Coverage for:
- (a) The enforcement of any ordinance, law or environmental regulation which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungi", wet or dry rot or bacteria; or
 - (b) Any costs associated with the enforcement of any ordinance, law or environmental regulation which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants", "fungi", wet or dry rot or bacteria.
- (4) With respect to the building that has sustained covered direct physical damage, we will pay:
- (a) For the loss in value of the undamaged portion of the building as a consequence of the enforcement of an ordinance or law that requires demolition of undamaged parts of the same building.
 - (b) The cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property.
 - (c) The increased cost to:
 - (i) Repair or reconstruct damaged portions of that building; and/or
 - (ii) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;when the increased cost is a consequence of enforcement of the minimum requirements of the building, zoning or land use ordinance or law.
However:
 - (i) This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.
 - (ii) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.
- (5) If the property is repaired or replaced on the same or another premises, we will not pay more under this Additional Coverage than:
- (a) The amount you actually spend to clear the site of the described premises; and

- (b) The amount you actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured.
- (6) If the property is not repaired or replaced, we will not pay more under this Additional Coverage than:
 - (a) The amount you actually spend to clear the site at the described premises; and
 - (b) The actual cash value of the building at the time of loss.
- (7) We will not pay for the increased cost of construction under this Additional Coverage:
 - (a) Until the property is actually repaired or replaced, at the same premises or elsewhere; and
 - (b) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
- (8) Under this Additional Coverage, we will not pay for loss due to any ordinance, law or environmental regulation that:
 - (a) You were required to comply with before the loss, even if the building was undamaged; and
 - (b) You failed to comply with.
- j. **Limited Coverage for Fungi, Wet or Dry Rot and Bacteria**
 - (1) The coverage described in Paragraphs A.5.j.(2) and A.5.j.(6) only applies when the "fungi", wet or dry rot or bacteria are the result of a "specified cause of loss" other than fire or lightning that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after the occurrence.
 - (2) We will pay for loss or damage by "fungi", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
 - (a) Direct physical loss or damage to Covered Property caused by "fungi", wet or dry rot or bacteria, including the cost of removal of the "fungi", wet or dry rot or bacteria;
 - (b) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungi", wet or dry rot or bacteria; and
 - (c) The cost of testing performed after the removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungi", wet or dry rot or bacteria are present.
 - (3) The most we will pay for all loss or damage under this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungi", wet or dry rot or bacteria, we will not pay more than the total of \$15,000 even if the "fungi", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.
 - (4) The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungi", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property. If there is covered loss or damage to Covered Property, not caused by "fungi", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungi", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

(5) The terms of this Limited Coverage do not increase or reduce the coverage provided under the Water Damage, Other Liquids, Powder or Molton Material Damage or Collapse Additional Coverages.

(6) The following applies only if Business Income and Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all the terms and conditions of the applicable Business Income and Extra Expense Additional Coverage.

(a) If the loss which resulted in "fungi", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungi", wet or dry rot or bacteria, then our payment under Business Income and Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.

(b) If a covered "suspension" of "operations" was caused by loss or damage other than "fungi", wet or dry rot or bacteria, but remediation of "fungi", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

k. Glass Expenses

(1) We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.

(2) We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

l. Fire Extinguisher Systems Recharge Expense

(1) We will pay:

(a) The cost of recharging or replacing, whichever is less, your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) if they are

discharged on or within 100 feet of the described premises; and

(b) For loss or damage to Covered Property if such loss or damage is the result of an accidental discharge of chemicals from a fire extinguisher or a fire extinguishing system.

(2) No coverage will apply if the fire extinguishing system is discarded during the installation or testing.

(3) The most we will pay under this Additional Coverage is \$5,000 in any one occurrence.

6. Coverage Extensions

In addition to the Limits of Insurance, you may extend the insurance provided by this policy as provided below.

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

a. Newly Acquired or Constructed Property

(1) Buildings

You may extend the insurance that applies to Buildings to apply to:

(a) Your new buildings while being built on the described premises; and

(b) Buildings you acquire at premises, other than the described premises, intended for:

(i) Similar use as the building described in the Declarations; or

(ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$500,000 at each building.

(2) Business Personal Property

(a) You may extend the insurance that applies to Business Personal Property to apply to:

(i) Business Personal Property, including such property that you newly acquire, at any location you acquire.

(ii) Business Personal Property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the described premises; or

(iii) Business Personal Property that you newly acquire, located at described premises.

(b) This Extension does not apply to personal property that you temporarily acquire in the course of installing or performing work on such property or your wholesale activities.

The most we will pay for loss or damage under this Extension is \$250,000 at each premises.

(3) Period of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

b. Personal Property Off Premises

You may extend the insurance that applies to Business Personal Property to apply to covered Business Personal Property, other than "money" and "securities", "valuable papers and records" or accounts receivable, while it is in the course of transit (including loading and unloading) or temporarily at a premises you do not own, lease or operate.

This Extension also covers personal property at fairs and exhibitions even though such locations may be owned or leased.

However, this insurance does not cover property in the custody of carriers for hire.

The most we will pay for loss or damage under this Extension is \$10,000 per loss occurrence.

c. Outdoor Property

You may extend the insurance provided by this policy to apply to your outdoor fences, radio and television antennas (including satellite dishes), signs (other than signs attached to buildings), trees, shrubs and plants, including debris removal expense, caused by or resulting from any Covered Causes of Loss.

The most we will pay for loss or damage under this Extension is \$10,000, but not more than \$500 for any one tree, shrub or plant.

d. Personal Effects

You may extend the insurance that applies to Business Personal Property to apply to personal effects owned by you, your officers, your partners or "members", your "managers" or your employees (including leased employees). This extension does not apply to:

- (1) Tools or equipment used in your business; or
- (2) Loss or damage by theft.

The most we will pay for loss or damage under this Extension is \$5,000 at each described premises.

e. Valuable Papers and Records

(1) You may extend the insurance that applies to Business Personal Property to apply to direct physical loss or damage to "valuable papers and records" that you own, or that are in your care, custody or control caused by or resulting from a Covered Cause of Loss. This Coverage Extension includes the cost to research, replace or restore the lost information on "valuable papers and records" for which duplicates do not exist.

(2) This coverage Extension does not apply to:

- (a) Property held as samples or held for delivery after sale;
- (b) Property in storage away from the premises shown in the Declarations.

(3) The most we will pay under this Coverage Extension for loss or damage to "valuable papers and records" in any one occurrence at the described premises is \$10,000.

For "valuable papers and records" not at the described premises, the most we will pay is \$5,000.

(4) Section B. Exclusions of this Coverage Form does not apply to this Coverage Extension except for:

- (a) Paragraph B.1.c., Governmental Action;
- (b) Paragraph B.1.d., Nuclear Hazard;
- (c) Paragraph B.1.f., War and Military Action;

- (d) Paragraph B.2.f., Dishonesty;
- (e) Paragraph B.2.g., False Pretense; and
- (f) Paragraph B.3.

f. Accounts Receivable

- (1) You may extend the insurance that applies to Business Personal Property to apply to accounts receivable. We will pay:

- (a) All amounts due from your customers that you are unable to collect;
- (b) Interest charges on any loan required to offset amounts you are unable to collect pending our payments of these amounts;
- (c) Collection expenses in excess of your normal collection expenses that are made necessary by loss or damage; and
- (d) Other reasonable expenses that you incur to re-establish your records of accounts receivable;

that result from direct physical loss or damage by any Covered Cause of Loss to your records of accounts receivable.

- (2) The most we will pay under this Coverage Extension for loss or damage in any one occurrence at the described premises is \$10,000.

For accounts receivable not at the described premises, the most we will pay is \$5,000.

- (3) Section B. Exclusions of this Coverage Form does not apply to this Coverage Extension except for:

- (a) Paragraph B.1.c., Governmental Action;
- (b) Paragraph B.1.d., Nuclear Hazard;
- (c) Paragraph B.1.f., War and Military Action;
- (d) Paragraph B.2.f., Dishonesty;
- (e) Paragraph B.2.g., False Pretense;
- (f) Paragraph B.3.; and
- (g) Paragraph B.4. Accounts Receivable Exclusions.

g. Security Guard Charges

When it is necessary to provide security guard service or incur other necessary expense to protect the public or Covered Property as a result of a covered loss under this policy, we will pay up to \$5,000 per loss occurrence for this protection.

B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

a. Ordinance or Law

The enforcement of any ordinance, law or environmental regulation:

- (1) Regulating the construction, use or repair of any property;
- (2) Requiring the tearing down of any property, including the cost of removing its debris; or
- (3) Regulating the removal or disposal of debris of any property.

This exclusion, Ordinance or Law, applies whether the loss results from:

- (1) An ordinance, law or environmental regulation that is enforced even if the property has not been damaged; or
- (2) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property or removal of its debris, following a physical loss to that property.

b. Earth Movement

- (1) Earthquake, including any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in Paragraphs (1) through (4) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or volcanic action, we will pay for the loss or damage caused by that fire, building glass breakage or volcanic action.

Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust, or particulate matter; or
- (c) Lava flow.

All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss of or damage to Covered Property.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this policy.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises. Failure includes lack of sufficient capacity and reduction in supply.

But if failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion does not apply to loss or damage to "computer(s)" and "electronic media and records".

f. War and Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows from a sewer, drain or sump; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings.

But if Water, as described in Paragraphs (1) through (4), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

h. Certain Computer-Related Losses

- (1) The failure, malfunction or inadequacy of:
 - (a) Any of the following, whether belonging to any insured or to others:
 - (i) "Computer" hardware, including microprocessors or other electronic data processing equipment as may be described elsewhere in this policy;
 - (ii) "Computer" application software or other "electronic media and records" as may be described elsewhere in this policy;
 - (iii) "Computer" operating systems and related software;

- (iv) "Computer" networks;
- (v) Microprocessors ("computer" chips) not part of any "computer" system; or
- (vi) Any other computerized or electronic equipment or components; or

- (b) Any other product, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any item listed in Paragraph (a) above;

due to the inability to correctly recognize, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.

- (2) Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph (1) above.

However, if excluded loss or damage described in Paragraph (1) above results in a "specified cause of loss", we will pay only for the loss or damage caused by such "specified cause of loss".

We will not pay for repair, replacement or modification of any items in Paragraphs (1)(a) or (1)(b) to correct deficiencies or change any features.

- i. **Fungi, Wet Rot, Dry Rot and Bacteria**
Presence, growth, proliferation, spread or any activity of "fungi", wet or dry rot or bacteria.

But if "fungi", wet or dry rot or bacteria result in a "specified cause of loss", we will pay for the loss or damage caused by the "specified cause of loss".

This exclusion does not apply:

- (1) When "fungi", wet or dry rot or bacteria result from fire or lightning; or
- (2) To the extent that coverage is provided in the Additional Coverage - Limited Coverage for Fungi, Wet or Dry Rot and Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

- 2. We will not pay for loss or damage caused by or resulting from any of the following:

- a. **Electrical Apparatus**

Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires.

But if artificially generated electrical current results in fire, we will pay for the loss or damage caused by fire.

We will pay for loss or damage to "computer(s)" due to artificially generated electrical current if such loss of damage is caused by or results from:

- (1) An occurrence that took place within 100 feet of the described premises; or
- (2) Interruption of electric power supply, power surge, blackout or brownout if the cause of such occurrence took place within 100 feet of the described premises.

- b. **Consequential Losses**

Delay, loss of use or loss of market.

- c. **Smoke, Vapor, Gas**

Smoke, vapor or gas from agricultural smudging or industrial operations.

- d. **Steam Apparatus**

Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

- e. **Frozen Plumbing**

Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

- (1) You do your best to maintain heat in the building or structure; or
- (2) You drain the equipment and shut off the supply if the heat is not maintained.

f. Dishonesty

Dishonest or criminal acts by you, anyone else with an interest in the property, or any of your or their partners, "members", officers, "managers", employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

- (1) Acting alone or in collusion with others; or
- (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees; but theft by employees is not covered.

With respect to accounts receivable and "valuable papers and records", this exclusion does not apply to carriers for hire.

g. False Pretense

Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

h. Exposed Property

Rain, snow, ice or sleet to personal property in the open.

i. Collapse

Collapse, except as provided in the Additional Coverage for Collapse. But if collapse results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

j. Pollution

Actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

However, we will pay for:

- (1) Direct physical loss of or damage to Covered Property at the described premises resulting from the discharge, dispersal, seepage, migration, release or escape of "pollutants", if the discharge, dispersal, seepage, migration, release or escape of "pollutants" is itself caused by a "specified cause of loss"; or

- (2) Direct physical loss of or damage to Covered Property at the described premises caused by a "specified cause of loss" resulting from the discharge, dispersal, seepage, migration, release or escape of "pollutants".

k. Neglect

Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

l. Other Types of Loss

- (1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force.

This exclusion does not apply with respect to the breakdown of "computer(s)";
- (7) The following causes of loss to personal property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature; or
 - (c) Marring or scratching.

But if an excluded cause of loss that is listed in Paragraphs (1) through (7) results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

m. Errors or Omissions

Errors or omissions in:

- (1) Programming, processing or storing data, as described under "electronic media and records" or any "computer" operations; or
- (2) Processing or copying "valuable papers and records".

However, we will pay for direct physical loss or damage caused by resulting fire or explosion if these causes of loss would be covered by this coverage form.

n. Installation, Testing, Repair

Errors or deficiency in design, installation, testing, maintenance, modification or repair or your "computer" system including "electronic media and records".

However, we will pay for direct physical loss or damage caused by resulting fire or explosion if these causes of loss would be covered by this coverage form.

o. Electrical Disturbance

Electrical or magnetic injury, disturbance or erasure of "electronic media and records", except as is provided under the Coverage Extensions.

However, we will pay for direct loss or damage caused by lightning.

p. Continuous or Repeated Seepage

Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

3. We will not pay for loss or damage caused by or resulting from any of the following Paragraphs a. through c. But if an excluded cause of loss that is listed in Paragraphs a. through c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather Conditions

Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph B1. above to produce the loss or damage.

b. Acts or Decisions

Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

c. Negligent Work

Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation or remodeling; or
- (4) Maintenance;

of part or all of any property on or off the described premises.

4. Accounts Receivable Exclusion

The following additional exclusion applies to the Accounts Receivable Coverage Extension:

We will not pay for:

- a. Loss or damage caused by or resulting from alteration, falsification, concealment, or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of "money", "securities" or other property.

This exclusion applies only to the extent of the wrongful giving, taking or withholding.

- b. Loss or damage caused by or resulting from bookkeeping, accounting or billing errors or omissions.
- c. Any loss or damage that requires any audit of records or any inventory computation to prove its factual existence.

C. LIMITS OF INSURANCE

1. The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.
2. The limits applicable to the Coverage Extensions and the Debris Removal, Fire Department Service Charge, Pollutant Clean Up and Removal, and Building Ordinance Additional Coverages are in addition to the Limits of Insurance.

3. Building Limit - Automatic Value Protection

- a. The Limit of Insurance shown in the Declarations for Buildings is increased by 25% to cover any deficiency in the building replacement cost limit that may exist at the time the building is repaired or replaced.
- b. Building replacement cost means:
 - (1) The full cost of repair or replacement of the building; and
 - (2) The cost of removal of debris of the building when debris removal is necessary to make repair or replacement of a building.
- c. This provision does not apply if:
 - (1) The Actual Cash Value - Buildings option applies, as shown in the Declarations;
 - (2) The Functional Replacement Valuation endorsement applies, as shown in the Declarations; or

- (3) You have not reported to us any additions, improvements or enlargements to a building that equal more than 5% of the Limit of Insurance shown in the Declarations for that building.

4. Business Personal Property Limit - Seasonal Increase

- a. The Limit of Insurance for Business Personal Property will automatically increase by 25% to provide for seasonal variations.
- b. This increase will apply only if the Limit of Insurance shown for Business Personal Property in the Declarations is at least 100% of your average monthly values, at replacement cost, during the lesser of:
- (1) The 12 months immediately preceding the date the loss or damage occurs; or
- (2) The period of time you have been in business as of the date the loss or damage occurs.

D. DEDUCTIBLES

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limit of Insurance.

E. PROPERTY LOSS CONDITIONS

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties in the Event of Loss or Damage

- a. You must see that the following are done in the event of loss or damage to Covered Property:
- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.
- Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (8) Cooperate with us in the investigation or settlement of the claim.
- (9) Resume all or part of your "operations" as quickly as possible.

- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Legal Action Against Us

No one may bring a legal action against us under this insurance unless:

- a. There has been full compliance with all of the terms of this insurance; and
- b. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

5. Electronic Media and Records Limitation

When Business Income and Extra Expense is covered by this policy, we will not pay for any loss of Business Income caused by direct physical loss of or damage to "electronic media and records" after the longer of:

- a. 60 consecutive days from the date of direct physical loss or damage; or
- b. The period, beginning with the date of direct physical loss or damage, necessary to repair, rebuild or replace with reasonable speed and similar quality, other property at the described premises due to loss or damage caused by the same occurrence.

Example No. 1:

A Covered Cause of Loss results in the loss of data processing programming records on August 1. The records are replaced on October 15. We will only pay for the Business Income loss sustained during the period August 1 - September 29 (60 consecutive days). Loss during the period September 30 - October 15 is not covered.

Example No. 2:

A Covered Cause of Loss damages a "computer" on June 1. It takes until September 1 to replace the "computer", and until October 1 to restore the data that was lost when the damage occurred. We will only pay for the Business Income loss sustained during the period June 1 - September 1. Loss during the period September 2 - October 1 is not covered.

6. Loss Payment

In the event of loss or damage covered by this policy:

- a. At our option, we will either:

- (1) Pay the value of lost or damaged property;
- (2) Pay the cost of repairing or replacing the lost or damaged property;
- (3) Take all or any part of the property at an agreed or appraised value; or
- (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to Paragraph d.(1)(d) below.

- b. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- c. We will not pay you more than your financial interest in the Covered Property.
- d. We will determine the value of Covered Property as follows:

- (1) At replacement cost without deduction for depreciation except as provided Paragraphs (2) through (7) below.

- (a) You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.

- (b) We will not pay on a replacement cost basis for any loss or damage:

- (i) Until the lost or damaged property is actually repaired or replaced; and

- (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

However, if the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement whether or not the actual repair or replacement is complete.

- (c) We will not pay more for loss or damage on a replacement cost basis than the least of:

- (i) The cost to replace, on the same premises, the lost or damaged property with other property;

- i. Of comparable material and quality; and
 - ii. Used for the same purpose; or
 - (ii) The amount you actually spend that is necessary to repair or replace the lost or damaged property.
- If a building is rebuilt at a new premises, the cost is limited to the cost which would have been incurred had the building been built at the original premises.
- (d) The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance, law or environmental regulation regulating the construction, use or repair of any property.
- (2) If the Actual Cash Value - Buildings option applies, as shown in the Declarations, paragraph (1) above does not apply to Buildings. Instead, we will determine the value of Buildings at actual cash value.
- (3) The following property at actual cash value:
- (a) Used or second-hand merchandise held in storage or for sale;
 - (b) Household contents, except personal property in apartments or rooms furnished by you as landlord;
 - (c) Manuscripts;
 - (d) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac;
 - (e) Memorabilia, souvenirs, collectors items and similar articles whose age or history contribute to their value;
 - (f) Personal property or equipment not maintained in good or workable condition; or
 - (g) Personal property or equipment that is outdated or obsolete and is stored or not being used.
- (4) Glass at the cost of replacement with safety glazing material if required by law.

- (5) Tenants' Improvements and Betterments at:
- (a) Replacement cost if you make repairs promptly.
 - (b) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (i) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (ii) Divide the amount determined in (i) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
 - (c) Nothing if others pay for repairs or replacement.
- (6) Loss or damage to "valuable papers and records", will be valued at the cost of restoration or replacement, including the cost of data entry, re-programming, computer consultation services and the media on which the data or programs reside. To the extent that the contents of the "valuable papers and records" are not restored, the "valuable papers and records" will be valued at the cost of replacement with blank materials of substantially identical type.
- (7) Applicable only to Accounts Receivable:
- (a) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of the loss or damage:
 - (i) We will determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and
 - (ii) We will adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for the month.

(b) The following will be deducted from the total amount of accounts receivable, however that amount is established;

(i) The amount of the accounts for which there is no loss or damage;

(ii) The amount of the accounts that you are able to re-establish or collect;

(iii) An amount to allow for probable bad debts that you are normally unable to collect; and

(iv) All unearned interest and service charges.

e. Our payment for loss of or damage to personal property of others will only be for the account of the owners of the property. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

If there is other insurance covering the same loss or damage, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, provided you have complied with all of the terms of this policy, and

(1) We have reached agreement with you on the amount of loss; or

(2) An appraisal award has been made.

7. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, you may retain the property. But then you must return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

8. Resumption of Operations

When Business Income and Extra Expense is covered by this policy, we will reduce the amount of your:

a. Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or "stock") at the described premises or elsewhere.

b. Extra Expense loss to the extent you can return your "operations" to normal and discontinue such Extra Expense.

9. Vacancy

a. Description Of Terms

(1) As used in the Vacancy Condition, the term building and the term vacant have the meanings set forth in Paragraphs (a) and (b) below:

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary "operations".

(b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

(i) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary "operations"; and/or

(ii) Used by the building owner to conduct customary "operations".

(2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

(1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

- (a) Vandalism;
- (b) Sprinkler leakage, unless you have protected the system against freezing;
- (c) Building glass breakage;
- (d) Water damage;
- (e) Theft; or
- (f) Attempted theft.

(2) With respect to Covered Causes of Loss other than those listed in Paragraphs (1)(a) through (1)(f) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

F. PROPERTY GENERAL CONDITIONS**1. Control of Property**

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Form at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

2. Mortgageholders

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - (1) Pays any premium due under this policy at our request if you have failed to do so;

(2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

(3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this policy will then apply directly to the mortgageholder.

e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:

(1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

(2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

f. If we cancel this policy, we will give written notice to the mortgageholder at least:

(1) 10 days before the effective date of cancellation if we cancel for your non-payment of premium; or

(2) 30 days before the effective date of cancellation if we cancel for any other reason.

g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

3. No Benefit to Bailee

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

4. Policy Period, Coverage Territory

Under this form:

a. We cover loss or damage commencing:

(1) During the policy period shown in the Declarations; and

(2) Within the coverage territory or, with respect to property in transit, while it is between points in the coverage territory.

- b. The coverage territory is:
 - (1) The United States of America (including its territories and possessions);
 - (2) Puerto Rico; and
 - (3) Canada.

G. PROPERTY DEFINITIONS

1. "Computer" means:
 - a. Programmable electronic equipment that is used to store, retrieve and process data; and
 - b. Associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as data transmission.

"Computer" does not include those used to operate production type machinery or equipment.
2. "Electronic media and records" means the following, if owned by you or licensed to you and used in your business:
 - a. Media, meaning disks, tapes, film, drums, cells or other media which are used with electronically controlled equipment.
 - b. Data, meaning information or facts stored on media described in Paragraph a. above. Data includes "valuable papers and records" converted to data.
 - c. "Computer" program, meaning a set of related electronic instructions which direct the operations and functions of a "computer" or a device connected to it, which enable the "computer" or device to receive, process, restore, retrieve or send data.
 - d. Software, including systems and applications software.
3. "Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
4. "Manager" means a person servicing in a directorial capacity for a limited liability company.
5. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".
6. "Money" means:
 - a. Currency, coins and bank notes in current use and having a face value; and
 - b. Travelers checks, register checks and money orders held for sale to the public.

7. "Operations" means one or more revenue generating activities or processes occurring at the described premises.
8. "Period of Restoration" means the period of time that:

a. Begins:

- (1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or
- (2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

- (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
- (2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance, law or environmental regulation that:

- a. Regulates the construction, use or repair, or requires the tearing down of any property; or
- b. Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungi", wet or dry rot or bacteria.

The expiration date of this policy will not cut short the "period of restoration".

9. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste, regardless of whether or not such irritant or contaminant has any function in any insured's or other's business, operations, premises, site or location. Waste includes materials to be recycled, reconditioned or reclaimed.
10. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes:
 - a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and

- b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

11. "Specified Causes of Loss" means the following:

Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

- a. Aircraft or vehicles means only such loss or damage to Covered Property that is directly caused by actual physical contact of that Covered Property with aircraft or vehicles.
- b. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite.
This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into manmade underground cavities.
- c. Falling objects does not include loss of or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

- d. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system, including its related equipment and parts) containing water or steam.

12. "Stock" means merchandise held in storage or for sale, raw materials and in process or finished goods including supplies used in their packing or shipping.

13. "Suspension" means:

- a. The partial shutdown or complete cessation of your business activities; and
- b. That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.

14. "Valuable papers and records" means:

- a. Inscribed, printed or written:
 - (1) Documents;
 - (2) Manuscripts; and
 - (3) Records;including abstracts, books, deeds, drawings, films, maps or mortgages; and
- b. "Electronic media and records".
But "valuable papers and records" does not mean money or securities.

BUSINESSOWNERS LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this Coverage Form the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

The word "insured" means any person or organization qualifying as such under SECTION C - WHO IS AN INSURED.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION G - LIABILITY DEFINITIONS.

A. COVERAGES

1. Business Liability

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury", "property damage", or "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury", "property damage", or "personal and advertising injury" to which this insurance does not apply. We may at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Paragraph D - Liability Limits Of Insurance; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under the Coverage Extensions.

b. This insurance applies:

- (1) To "bodily injury" and "property damage" only if:
 - (a) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
 - (b) The "bodily injury" or "property damage" occurs during the policy period, regardless of whether that "bodily injury" or "property damage" is also deemed to have occurred during the period of this policy; and

- (c) Prior to the policy period, no insured listed under Paragraph C.1. Who is an Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

- (2) To "personal and advertising injury" caused by an offense arising out of your business, but only if the offense was committed in the "coverage territory" during the policy period.

- c. This policy does not apply to, and the Company shall have no duty to defend, any claim seeking "bodily injury" or "property damage" that occurred before the policy period, regardless of whether that "bodily injury" or "property damage" is also deemed to have occurred during the policy period of this policy.

- d. "Bodily Injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph C.1. Who is an Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

- (1) Reports all, or any part of the "bodily injury" or "property damage" to us or any other insurer;

- (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
- (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.
- e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".
- f. **Coverage Extension - Supplementary Payments**
 - (1) In addition to the Limit of Insurance, we will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:
 - (a) All expenses we incur.
 - (b) Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for "bodily injury" applies. We do not have to furnish these bonds.
 - (c) The cost of bonds to release attachments, but only for bond amounts within our Limit of Insurance. We do not have to furnish these bonds.
 - (d) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
 - (e) All costs taxed against the insured in the "suit".
 - (f) Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.
 - (g) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit of Insurance.
 - (h) Expenses incurred by the insured for first aid administered to others at the time of an accident for "bodily injury" to which this insurance applies.
- (2) If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:
 - (a) The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
 - (b) This insurance applies to such liability assumed by the insured;
 - (c) The obligation to defend, or the cost of the defense of, that indemnitee has also been assumed by the insured in the same "insured contract";
 - (d) The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
 - (e) The indemnitee and the insured ask us to conduct and control the defense of the indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
 - (f) The indemnitee:
 - (i) Agrees in writing to:
 - i. Cooperate with us in the investigation, settlement or defense of the "suit";
 - ii. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
 - iii. Notify any other insurer whose coverage is available to the indemnitee; and
 - iv. Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

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(ii) Provides us with written authorization to:

- i. Obtain records and other information related to the "suit"; and
- ii. Conduct and control the defense of the indemnitee in such "suit".

(3) So long as the conditions in Paragraph (2) are met, attorney's fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph B.1.b.(2) Exclusions, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorney's fees and necessary litigation expenses as Supplementary Payments ends when:

- (a) We have used up the applicable limit of insurance in the payment of judgments or settlements; or
- (b) The conditions set forth above, or the terms of the agreement described in Paragraph (2)(f) above are no longer met.

2. Coverage Extension - Truth in Lending Liability Coverage

a. We will pay on your behalf all sums which you become legally obligated to pay as "damages" solely by the operation of:

- (1) The Truth in Lending Section of the Consumer Credit Protection Act 15 U.S.C. Section 1601, et. seq.; or
- (2) Any similar statute which applies to your civil liability; and

your error or omission during the policy period in failing to comply with that statute.

b. This Coverage Extension does not apply to dishonest, malicious, fraudulent, criminal or intentional act or omission; however, this exclusion does not apply to you if such act or omission was committed by your "employees" (other than a partner, director, executive officer or stockholder) without your direction or your knowledge.

c. As used in this Coverage Extension, "damages" means amounts awardable by a court of law or administrative agencies. "Damages" does not mean civil penalties, fines, assessments, or demands for injunctive or equitable relief.

3. Coverage Extension - Employee Benefits Liability Coverage

a. Insuring Agreement

(1) We will pay those sums that the insured becomes obligated to pay as damages because of any act, error or omission, of the insured, or of any other person for whose acts the insured is legally liable, to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages to which this insurance does not apply. We may, at our discretion, investigate any report of an act, error or omission and settle any "claim" or "suit" that may result. But:

- (a) The amount we will pay for damages is limited as described in Paragraph A.3.d.; and
- (b) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments.

(2) This insurance applies to damages only if the act, error or omission is negligently committed in the "administration" of your "employee benefit program".

(3) Paragraphs f.(1)(b) and f.(2) of Coverage Extension - Supplementary Payments do not apply to this Coverage Extension.

b. Exclusions

This insurance does not apply to:

(1) Damages arising out of any intentional, dishonest, fraudulent, criminal or malicious act, error or omission, committed by any insured, including the willful or reckless violation of any statute.

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- (2) "Bodily injury", "property damage" or "personal and advertising injury".
- (3) Damages arising out of failure of performance of contract by any insured.
- (4) Damages arising out of an insufficiency of funds to meet any obligations under any plan included in the "employee benefit program".
- (5) Any "claim" based upon:
 - (a) Failure of any investment to perform;
 - (b) Errors in providing information on past performance of investment vehicles; or
 - (c) Advice given to any person with respect to that person's decision to participate or not to participate in any plan included in the "employee benefit program".
- (6) Any "claim" arising out of your failure to comply with the mandatory provisions of any workers' compensation, unemployment compensation insurance, social security, or disability benefits law or any similar law.
- (7) Damages for which any insured is liable because of liability imposed on a fiduciary by the Employee Retirement Income Security Act of 1974, as now or hereafter amended, or by any similar federal, state or local laws.
- (8) Any "claim" for benefits to the extent that such benefits are available, with reasonable effort and cooperation of the insured, from the applicable funds accrued or other collectible insurance.
- (9) Taxes, fines or penalties, including those imposed under the Internal Revenue Code or any similar state or local law.
- (10) Damages arising out of wrongful termination of employment, discrimination or other employment-related practices.

c. Persons Insured

Each of the following is also an insured under this Coverage Extension:

- (1) Each of your "employees" who is or was authorized to administer your "employee benefit program".

- (2) Any persons, organizations or "employees" having proper temporary authorization to administer your "employee benefit program" if you die, but only until your legal representative is appointed.
- (3) Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Extension.
- (4) For the purposes of the coverage provided by this Coverage Extension, Paragraph C.3. of Who Is An Insured does not apply.

d. Limits of Insurance

- (1) The Liability limit shown in the Declarations and the rules below fix the most we will pay under this Coverage Extension regardless of the number of:
 - (a) Insureds;
 - (b) Claims made or "suits" brought;
 - (c) Persons or organizations making "claims" or bringing "suits";
 - (d) Acts, errors or omissions; or
 - (e) Benefits included in your "employee benefit program".
- (2) The Liability limit shown in the Declarations is the most we will pay for all damages sustained by one "employee", including damages sustained by such "employee's" dependents and beneficiaries as a result of:
 - (a) An act, error or omission; or
 - (b) A series of related acts, errors or omissions negligently committed in the "administration" of your "employee benefit program".

However, the amount paid under this endorsement shall not exceed, and will be subject to, the limits and restrictions that apply to the payment of benefits in any plan included in the "employee benefit program".
- (3) The most we will pay for all damages because of acts, errors or omissions negligently committed in the "administration" of your "employee benefit program" during the policy period is twice the Liability limit shown in the Declarations.

e. Deductible

- (1) We will deduct \$1,000 from the amount payable as damages.
- (2) The deductible amount applies to all damages sustained by any one "employee", including such "employee's" dependents and beneficiaries", because of all acts, errors or omissions to which this insurance applies.
- (3) The terms of this insurance, including those with respect to:
 - (a) Our right and duty to defend any "suits" seeking those damages; and
 - (b) Your duties, and the duties of any other involved insured, in the event of an act, error or omission, or "claim"
 apply irrespective of the application of the deductible amount.
- (4) We may pay any part or all of the deductible amount to effect settlement of any "claim" or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as we have paid.

f. Duties in the Event of an Act Error or Omission, Or Claim Or Suit

For the purposes of the coverage provided under this Coverage Extension, Paragraph E.2. Duties In The Event of Occurrence, Offense, Claim Or Suit is replaced by the following:

- (1) You must see to it that we are notified as soon as practicable of an act, error or omission which may result in a "claim". To the extent possible, notice should include:
 - (a) What the act, error or omission was and when it occurred; and
 - (b) The names and addresses of anyone who may suffer damages as a result of the act, error or omission.
- (2) If a "claim" is made or "suit" is brought against any insured, you must:
 - (a) Immediately record the specifics of the "claim" or "suit" and the date received; and
 - (b) Notify us as soon as practicable.
 You must also see to it that we receive written notice of the "claim" or "suit" as soon as practicable.

- (3) You and any other involved insured must:
 - (a) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "claim" or "suit";
 - (b) Authorize us to obtain records and other information;
 - (c) Cooperate with us in the investigation of settlement of the "claim" or defense against the "suit"; and
 - (d) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of an act, error or omission to which this insurance may also apply.
- (4) No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation or incur any expense without our consent.

g. Additional Definitions

When used in this Coverage Extension, the following words have special meaning:

- (1) "Administration" means:
 - (a) Providing information to "employees", including their dependents and beneficiaries, with respect to eligibility for or scope of "employee benefit programs";
 - (b) Handling records in connection with the "employee benefit program"; or
 - (c) Effecting, continuing or terminating any "employee's" participation in any benefit included in the "employee benefit program".

However, "administration" does not include handling payroll deductions.

- (2) "Cafeteria plans" means plans authorized by applicable law to allow employees to elect to pay for certain benefits with pre-tax dollars.
- (3) "Claim" means any demand, or "suit" made by an "employee" or an "employee's" dependents and beneficiaries, for damages as the result of an act, error or omission.
- (4) "Employee" means a person actively employed, formerly employed, on leave of absence or disabled, or retired. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

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(5) "Employee benefit program" means a program providing some or all of the following benefits to "employees", whether provided through a "cafeteria plan" or otherwise:

(a) Group life insurance; group accident or health insurance; dental, vision and hearing plans; and flexible spending accounts; provided that no one other than an "employee" may subscribe to such benefits and such benefits are made generally available to those "employees" who satisfy the plan's eligibility requirements;

(b) Profit sharing plans, employee savings plans, employee stock ownership plans, pension plans and stock subscription plans, provided that no one other than an "employee" may subscribe to such benefits and such benefits are made generally available to all "employees" who are eligible under the plan for such benefits;

(c) Unemployment insurance, social security benefits, workers' compensation and disability benefits;

(d) Vacation plans, including buy and sell programs; leave of absence programs, including military, maternity, family and civil leave; tuition assistance plans; transportation and health club subsidies; and

(e) Any other similar benefits.

(6) "Suit" means a civil proceeding in which damages because of an act, error or omission to which this insurance applies are alleged. "Suit" includes:

(a) An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent.

(b) Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

B. EXCLUSIONS

1. This insurance does not apply to:

a. Expected or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply

to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

(1) That the insured would have in the absence of the contract or agreement; or

(2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:

(a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and

(b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

(1) Causing or contributing to the intoxication of any person;

(2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

(3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

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d. Workers' Compensation and Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily Injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of paragraph (1) above.

This exclusion applies:

- (a) Whether the insured may be liable as an employer or in any other capacity; and
- (b) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

f. Pollution

- (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

- (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:
 - (i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot from equipment used to heat that building;
 - (ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your operations performed for that additional insured at the premises, site or location and

such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than the additional insured; or

- (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire", or an unintended or unexpected explosion;
- (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
- (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or any person or organization for whom you may be legally responsible;
- (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
 - (i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent to be discharged, dispersed or released as part of the operations being performed by such insured contractor or subcontractor;

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- (ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
- (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire", or an unexpected or unintended explosion;
- (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (f) At or from any tank, piping, pumps or dispensers at premises, sites or locations in addition to those described in subparagraphs (a), (b), (d) or (e), which are or were at any time owned, leased, installed, removed, tested, repaired or filled by or on behalf of any insured, wherever located (except at residences primarily used for dwelling purposes) which contain, transport or dispense or are designed to contain, transport or dispense:
 - (i) Motor fuels;
 - (ii) Kerosene;
 - (iii) Lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of any "auto", "mobile equipment", watercraft or aircraft; or
 - (iv) Waste lubricants or other operating fluids which are or were needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of any "auto", "mobile equipment", watercraft or aircraft; including, but not limited to, their constituent parts and other irritants or contaminants found therein.
- (2) Any loss, cost or expense arising out of any request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of "pollutants" or any claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of "pollutants"; if the loss, cost or expense arises out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":
 - (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to any insured. However, this subparagraph does not apply to such loss, cost or expense for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your operations performed for that additional insured at the premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than the additional insured;
 - (b) At or from any premises, site, or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
 - (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or any person or organization for whom you may be legally responsible;

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- (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
- (i) Such loss, cost or expense arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the fuels, lubricants or other operating fluids are intentionally discharged, dispersed or released, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent to be discharged, dispersed or released as part of the operations being performed by such insured contractor or subcontractor; or
- (ii) Such loss, cost or expense sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor;
- (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond

to, or assess the effects of, "pollutants"; or

- (f) At or from any tank, piping, pumps or dispensers at premises, sites or locations in addition to those described in subparagraphs (a), (b), (d) or (e) which are or were at any time owned, leased, installed, removed, tested, repaired or filled by or on behalf of any insured, wherever located (except at residences primarily used for dwelling purposes) which contain, transport or dispense or are designed to contain, transport or dispense:
- (i) Motor fuels;
- (ii) Kerosene;
- (iii) Lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of any "auto", "mobile equipment", watercraft or aircraft; or
- (iv) Waste lubricants or other operating fluids which are or were needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of any "auto", "mobile equipment", watercraft or aircraft;

including, but not limited to, their constituent parts and other irritants or contaminants found therein.

Motor fuels means petroleum or a petroleum based substance that is typically used in the operation of a motor or engine, including but not limited to gasoline, aviation fuel, number one or number two diesel fuel, or any grade of gasohol.

g. Aircraft, Auto or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 51 feet long; and
 - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (5) "Bodily injury" or "property damage" arising out of the operation of any of the following equipment:
 - (a) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - (b) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition or stunting activity.

i. War

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

This exclusion applies only to liability assumed under a contract or agreement.

j. Professional Services

"Bodily injury", "property damage", "personal and advertising injury" due to the rendering or failure to render any professional service. This includes but is not limited to:

- (1) Legal, accounting or advertising services;
- (2) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;
- (3) Supervisory, inspection or engineering services;
- (4) Medical, surgical, dental, x-ray or nursing services, treatment, advice or instruction;
- (5) Any health or therapeutic service, treatment, advice or instruction;
- (6) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;
- (7) Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;
- (8) Body piercing services;
- (9) Services in the practice of pharmacy;
- (10) Engineering, architectural or surveying services in your capacity as an engineer, architect or surveyor. Professional services include:
 - (a) The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders, or drawings and specifications; and
 - (b) Supervisory or inspection activities performed as part of any related architectural or engineering activities.

This exclusion does not apply to your operations in connection with construction work performed by you or on your behalf.

k. Damage to Property

"Property damage" to:

- (1) Property you own, rent or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in the care, custody or control of the insured. However, this exclusion will only apply to "property damage" to personal property of others which occurs away from premises you own, rent or control when:
 - (a) The "property damage" is to property which you have contracted to install;
 - (b) The "property damage" is the direct result of the property being raised, lowered, or otherwise moved by a crane;
 - (c) The "property damage" is to "mobile equipment" or an "auto";
 - (d) The "property damage" is to that particular part of the property which you are attempting to service or repair; or
 - (e) You have other insurance which will pay for the "property damage";
- (5) That particular part of real property on which you or any contractor or subcontractor working directly or indirectly on your behalf is performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire or explosion) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A separate limit of insurance applies to Damage to Premises Rented to You as described in Paragraph D. Liability Limit of Insurance.

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Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

l. Damage to Your Product

"Property damage" to "your product" arising out of it or any part of it.

m. Damage to Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

n. Damage to Impaired Property or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

o. Recall of Products, Work or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

p. Personal And Advertising Injury

"Personal and advertising injury":

- (1) Caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury"
- (2) Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- (3) Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
- (4) Arising out of a criminal act committed by or with the consent of the insured;
- (5) For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement; or
- (6) Arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement";
- (7) Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement";
- (8) Arising out of the wrong description of the price of goods, products or services stated in your "advertisement";
- (9) Committed by an insured whose business is:
 - (a) Advertising, broadcasting, publishing or telecasting;
 - (b) Designing or determining content of web-sites for others; or
 - (c) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs 14.a., b. and c. of "personal and advertising injury" under Paragraph G. Definitions.

For the purpose of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, by itself, is not considered the business of advertising, broadcasting, publishing or telecasting.

(10) Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

(11) With respect to any loss, cost or expense arising out of any:

- (a) Request, demand, or order that any insured or others test for, monitor, clean-up, remove, contain, treat, detoxify or neutralize or in any way respond to, or assess the effects of "pollutants"; or
- (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing or in any way responding to, or assessing the effects of "pollutants".

(12) Arising out of an electronic chatroom or bulletin board the insured hosts, owns or over which the insured exercises control.

(13) Arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property right.

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

(14) Arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatags, or any other similar tactics to mislead another's potential customers.

Exclusions c., d., e., f., g., h., i., k., l., m., n. and o. do not apply to damage caused by:

- (1) A Covered Cause of Loss as described in A. Coverages 3. of the Businessowners Special Property Form; and
- (2) Not excluded in B. Exclusions of the Businessowners Special Property Form;

to premises while rented to you, or temporarily occupied by you with permission of the owner. A separate Damage To Premises Rented To You Limit of Insurance applies to this coverage as described in Paragraph D., Limits of Insurance.

2. Nuclear Energy Liability Exclusion

This insurance does not apply:

a. Under Business Liability Coverage, to "bodily injury" or "property damage":

- (1) With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by the Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which:
 - (a) Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or
 - (b) The insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

b. Under Business Liability Coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of the "nuclear material"; if:

- (1) The "nuclear material":
 - (a) Is at any "nuclear facility" owned by, or operated by or on behalf of, an insured; or
 - (b) Has been discharged or dispersed therefrom;
- (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or
- (3) The "bodily injury" or "property damage" arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility"; but if such facility is located within the United States of America, its territories or possessions or Canada, this Exclusion (3) applies only to

"property damage" to such "nuclear facility" and any property thereat.

c. As used in this exclusion:

- (1) "Byproduct material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- (2) "Hazardous properties" include radioactive, toxic or explosive properties;
- (3) "Nuclear facility" means:
 - (a) Any "nuclear reactor";
 - (b) Any equipment or device designed or used for:
 - (i) Separating the isotopes of uranium or plutonium;
 - (ii) Processing or utilizing "spent fuel"; or
 - (iii) Handling, processing or packaging "waste";
 - (c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
 - (d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;
- (4) "Nuclear material" means "source material", "special nuclear material" or "byproduct material";
- (5) "Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;
- (6) "Property damage" includes all forms of radioactive contamination of property.
- (7) "Source material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

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- (8) "Special nuclear material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- (9) "Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor";
- (10) "Waste" means any waste material:
 - (a) Containing "byproduct material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content; and
 - (b) Resulting from the operation of any person or organization of any "nuclear facility" included under paragraphs (a) and (b) of the definition of "nuclear facility".

C. WHO IS AN INSURED

1. If you are designated in the Declarations as:

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b. A partnership or joint venture, you are an insured. Your members, your partners and their spouses are also insureds, but only with respect to the conduct of your business.
- c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as managers.
- d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

2. Each of the following is also an insured:

- a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by

you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:

- (1) "Personal and advertising injury" to you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company) or to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
- (2) "Property damage" to property:
 - (a) Owned, occupied or used by,
 - (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by

you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

- b. Any person (other than your "employee" or "volunteer worker") or any organization while acting as your real estate manager.
- c. Any person or organization having proper temporary custody of your property if you die, but only:
 - (1) With respect to liability arising out of the maintenance or use of that property; and
 - (2) Until your legal representative has been appointed.
- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this policy.

- 3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:

- a. "Bodily injury" to a co-"employee" of the person driving the equipment; or

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- b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.
- 4. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
 - a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier; and
 - b. Paragraph A.1. Business Liability does not apply to:
 - (1) "Bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
 - (2) "Personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture, or limited liability company that is not shown as a Named Insured in the Declarations.

D. LIABILITY LIMITS OF INSURANCE

- 1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits".
- 2. The most we will pay for the sum of all damages because of all:
 - a. "Bodily injury" and "property damage" arising out of any one "occurrence"; and
 - b. "Personal and advertising injury" sustained by any one person or organization;
 is the Liability limit shown in the Declarations.
- 3. The most we will pay under Business Liability Coverage for damages because of "property damage" to premises while rented to you or temporarily occupied by you with permission of the owner, arising out of any one covered cause of loss is the Damage to Premises Rented to You limit shown in the Declarations.

4. Aggregate Limits

The most we will pay for:

- a. All "bodily injury" or "property damage" that is included in the "products-completed operations hazard" is twice the Liability limit; and
- b. All:
 - (1) "Bodily injury" or "property damage" except damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard";
 - (2) Plus all "personal and advertising injury" caused by offenses committed;
 is twice the Liability limit.

This Aggregate Limit does not apply to "property damage" to premises while rented to you or temporarily occupied by you with permission of the owner, arising out of any covered cause of loss.

The Limits of Insurance of this policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

E. LIABILITY GENERAL CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this policy.

2. Duties in the Event of Occurrence, Offense, Claim or Suit

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
 - (1) How, when and where the "occurrence" or offense took place;
 - (2) The names and addresses of any injured persons and witnesses; and
 - (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.
- b. If a claim is made or "suit" is brought against any insured, you must:
 - (1) Immediately record the specifics of the claim or "suit" and the date received; and
 - (2) Notify us as soon as practicable.

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You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation, or settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Financial Responsibility Laws

- a. When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, the insurance provided by the policy for "bodily injury" liability and "property damage" liability will comply with the provisions of the law to the extent of the coverage and limits of insurance required by that law.
- b. With respect to "mobile equipment" to which this insurance applies, we will provide any liability, uninsured motorists, underinsured motorists, no-fault or other coverage required by any motor vehicle law. We will provide the required limits for those coverages.

4. Legal Action Against Us

No person or organization has a right under this policy:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this policy unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable limit of insurance. An agreed

settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

5. Separation of Insureds

Except with respect to the Limits of Insurance and any rights or duties specifically assigned in this policy to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

F. DEDUCTIBLE

1. Our obligation under Section A. Coverages to pay for damages on your behalf because of "property damage" applies only to the amount of damages in excess of the amount of the deductible shown in the Declarations.
2. The deductible amount shown in the Declarations applies to the total of all damages because of "property damage" as the result of any one "occurrence", regardless of the number of persons or organizations who sustain "property damage" because of that "occurrence".
3. The terms of this insurance, including those with respect to:
 - a. Our right and duty to defend the insured against any "suits" seeking damages; and
 - b. Your duties in the event of an "occurrence", claim, or "suit"
 apply irrespective of the application of the deductible amount.
4. We may pay any part or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

G. LIABILITY DEFINITIONS

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
 - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
 - b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.

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2. "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".
3. "Bodily Injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
"Bodily injury" also includes injury arising out of a negligent act, error or omission committed by you or your "employee" or "volunteer worker" in:
 - a. Rendering or failing to render medical or nursing service or treatment;
 - b. Furnishing or dispensing drugs or medical supplies; or
 - c. Furnishing food or beverages in connection with Paragraphs a. or b.However, "bodily injury" does not include psychological injury arising out of the services described in Paragraphs a. through c. above.
4. "Coverage Territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph a. above; or
 - c. All other parts of the world if the injury or damage arises out of:
 - (1) Goods or products made or sold by you in the territory described in Paragraph a. above; or
 - (2) The activities of a person whose home is in the territory described in Paragraph a. above, but is away for a short time on your business; or
 - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication;
provided the insured's responsibility to pay damages is determined in a "suit" on the merits in the territory described in Paragraph a. above or in a settlement we agree to.
5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
6. "Executive Officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
7. "Hostile fire" means one which becomes uncontrollable or breaks out of where it was intended to be.
8. "Impaired Property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
 - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement;if such property can be restored to use by:
 - (1) The repair, replacement, adjustment or removal of "your product" or "your work"; or
 - (2) Your fulfilling the terms of the contract or agreement.
9. "Insured Contract" means:
 - a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
 - b. A sidetrack agreement;
 - c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
 - d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
 - e. An elevator maintenance agreement;
 - f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.
Paragraph f. does not include that part of any contract or agreement:
 - (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any

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railroad bridge or trestle, tracks, road beds, tunnel, underpass or crossing;

- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:

(a) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or

(b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or

- (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in Paragraph (2) above and supervisory, inspection or engineering services.

g. Any contract or agreement that pertains to the leasing or rental of any "auto" to you or on your behalf.

h. Any contract that holds a trucker harmless for your use of a covered "auto" over a route or territory the trucker is authorized to serve by public authority.

10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

11. "Loading or Unloading" means the handling of property:

a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";

b. While it is in or on an aircraft, watercraft or "auto"; or

c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

12. "Mobile Equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;

b. Vehicles maintained for use solely on or next to premises you own or rent;

c. Vehicles that travel on crawler treads;

d. Vehicles, whether self-propelled or not, on which are permanently mounted:

(1) Power cranes, shovels, loaders, diggers or drills; or

(2) Road construction or resurfacing equipment such as graders, scrapers or rollers;

e. Vehicles not described in Paragraphs a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

(1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or

(2) Cherry pickers and similar devices used to raise or lower workers;

f. Vehicles not described in Paragraphs a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

(1) Equipment designed primarily for:

(a) Snow removal;

(b) Road maintenance, but not construction or resurfacing; or

(c) Street cleaning;

(2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

(3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

a. False arrest, detention or imprisonment;

b. Malicious prosecution;

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- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
- e. Oral or written publication, in any manner, of material that violates a person's right of privacy;
- f. The use of another's advertising idea in your "advertisement" or
- g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

15. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

16. "Products - Completed Operations Hazard"

- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
 - (1) Products that are still in your physical possession; or
 - (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a) When all of the work called for in your contract has been completed.
 - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c) When that part of the work done at the job site has been put to its intended use by any other person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

The "bodily injury" or "property damage" must occur away from premises you own or rent, unless your business includes the selling, handling or distribution of "your product" for consumption on premises you own or rent.

- b. Does not include "bodily injury" or "property damage" arising out of:

- (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured; or
- (2) The existence of tools, uninstalled equipment or abandoned or unused materials.

17. "Property Damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage", "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

20. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed by you.

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21 "Your Product":

- a. Means:
 - (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (a) You;
 - (b) Others trading under your name; or
 - (c) A person or organization whose business or assets you have acquired; and
 - (2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.
- b. Includes:
 - (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
 - (2) The providing of or failure to provide warnings or instructions.
- c. Does not include vending machines or other property rented to or located for the use of others but not sold.

22. "Your Work":

- a. Means:
 - (1) Work or operations performed by you or on your behalf; and
 - (2) Materials, parts or equipment furnished in connection with such work or operations.
- b. Includes:
 - (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
 - (2) The providing of or failure to provide warnings or instructions.